No. 92-1399

IN THE

Supreme Court of the United States

OCTOBER TERM, 1992

JOHN H. ERNSTER and EXCELPRO, INC.,
Petitioners,

v.

RALSTON PURINA COMPANY,
VAN CAMP SEAFOOD COMPANY, INC.
and DELTOWN CHEMURGIC CORPORATION,
Respondents.

On Petition For A Writ Of Certiorari To The United States Court of Appeals For The Federal Circuit

BRIEF IN OPPPOSITION FOR RESPONDENT DELTOWN

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COUNTERSTATEMENT OF THE QUESTION PRESENTED

Whether in a routine chemical patent case the Court of Appeals for the Federal Circuit followed established standards of appellate review in reversing the judgment entered on a jury verdict, or whether that court so deviated from appellate review standards that it violated petitioners' Seventh Amendment jury trial rights with ramifications serious enough to warrant grant of a writ of certiorari?

RULE 29.1 STATEMENT

Respondent Deltown Chemurgic Corporation, now by change of corporate name known as Deltown Corporation, is a New York corporation. Pursuant to Rule 29.1, it provides the following list of all companies which may be considered to be its parent companies and subsidiaries (except wholly owned subsidiaries) by virtue of the fact that these companies may be deemed to be commonly controlled.

W.R. Berkley Corporation, a Delaware corporation

Strategic Distribution, Inc., a Delaware corporation, and

Finevest Foods, Inc., a Delaware corporation

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COUNTERSTATEMENT OF THE CASE

John Ernster and his corporation, Excelpro, Inc. (collectively referred to as "Ernster" or as "petitioners"), obtained the three chemical patents in suit on certain hydroxide-treated casein-based products and processes for treating canned tuna fish. The prior art had already disclosed casein-based food additives and how to treat casein with sodium hydroxide or with enzymes to produce sodium caseinate. The art also disclosed the canning of tuna fish using sodium caseinate. Nevertheless, Ernster persisted in his patent applications and ultimately gained allowance of the three patents: No. 4,363,820 (the '820 patent); No. 4,545,933 (the '933 patent); and No. 4,600,588 (the '588 patent). The key prior art of treating tuna fish with sodium casein during the canning process was not known to the United States Patent and Trademark Office (the "PTO") during prosecution of these patents.

Except for one claim in the '820 patent, Ernster's patent claims were narrowly circumscribed during prosecution before the PTO. Petitioners' statement of the case says nothing about the restricted scope of the claims or the limitations therein, notwithstanding the fact that a proper analysis and construction of the claims were the decisive grounds for the Court of Appeals' rulings on the patent aspects of the case.

Avoiding any discussion of the claims of the three patents, the petitioners' statement of the case extols the results allegedly achieved by "Ernster's product," which was initially casein treated with trisodium phosphate (TSP) in an aqueous medium and subsequently, as referred to in the '820 and '933 patents, casein

treated with sodium hydroxide in the presence of water. Pet. 3-4. The petition goes on to say that Van Camp, an affiliate of Ralston, used Ernster's E-PRO-HY product in the canning of tuna, but that it later switched to using Deltown's product known as Dellac 86101. Pet. 5-6. Dellac 86101 was simply sodium caseinate, the very chemical taught by the prior art for canning tuna fish.

Instead of facing the critical, indeed impossible, task of applying the claims of Ernster's patents to the accused Deltown 86101 product and related processes while still distinguishing over the prior art, the petitioners' statement of the case substitutes glib hearsay assertions by a disgruntled Deltown ex-employee that 86101 was just a "knock-off" of E-PRO-HY using an enzyme that had "no effect." Pet. 6. The petitioners concede that in the accused 86101 product, "Less sodium hydroxide was used than in petitioners' product . . . ," but nevertheless assert that the 86101 was "much as set out in Petitioners' patent . . ." Pet. 6.

Such generalities sufficiently confused the jury into awarding verdicts of $2,654,767 against Van Camp and $2,492,852 against Deltown, but they did not confuse the Court of Appeals which was aware of the vital significance of the patent claims in any patent litigation. The verdict against Deltown included damages for patent infringement, conspiracy to infringe (a non-existent cause of action), misappropriation of trade secrets, intentional interference with Ernster's business relations with Van Camp, and unjust enrichment. The trial court denied defendants' motions for judgment notwithstanding the verdict except to

reduce the total award by $248,000 on the ground that the conspiracy verdict was joint and several.

The Court of Appeals reversed the judgment of the District Court on all counts based on a cogent application of the claims of each patent to the prior art and to the accused products and processes, based on the lack of evidence to support the causes of action for trade secret misappropriation, intentional interference and unjust enrichment, and based on lack of evidence and legal insufficiency of the claim for conspiracy to infringe. The Court of Appeals' decision was by a unanimous panel. Ernster's suggestion of a rehearing *en banc* was denied.

SUMMARY OF ARGUMENT

1. The petition raises no special or important questions or ramifications, no decisional conflicts, and no serious departures from the accepted and usual course of judicial proceedings that require the exercise of this Court's discretion in granting a writ of certiorari. This is a routine chemical patent case decided on common patent law concepts.

2. The Federal Circuit decided this patent case pursuant to the same accepted standards of appellate review followed by the other Circuit Courts of Appeal in cases not involving patents. The trade secret and other ancillary issues were similarly decided. The Court of Appeals merely accepted the undisputed facts and did not weigh conflicting evidence, make *de novo* findings, or inject its patent or technical expertise in any improper manner that deprived petitioners of their Seventh Amendment jury trial right or any other right. The Federal Circuit correctly relied on the express limitations of the claims of the patents, which

were essential in obtaining the patent in the first place, in holding that no reasonable jury could have found both infringement and validity, but the petition for certiorari scarcely mentions the claim limitations which were so critical to the Federal Circuit's decision. The Federal Circuit applied principles of claim interpretation and the doctrine of prosecution history estoppel in a manner that was entirely proper, and petitioners have not shown otherwise.

3. Petitioners' arguments founded on broad criticisms of the Federal Circuit and its prior decisions in other cases are both unwarranted and insufficient to support the grant of certiorari in the absence of any errors in the present proceedings.

ARGUMENT: REASONS FOR DENYING THE WRIT

1. The Petition Presents No Special And Important Reasons Or Extreme Departures From The Accepted And Usual Course of Judicial Proceedings That Require This Court's Intervention.

The petition should be denied because it totally lacks any "special and important reasons" for granting it, as required by Rule 10.1 of this Court. There is no conflict between the judgment of the Federal Circuit for which review is sought and any decision of another Court of Appeals, since the Federal Circuit has exclusive jurisdiction over patent appeals. Nor has the Federal Circuit in its judgment "so far departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this Court's power of supervision," as specified in Rule 10.1(a) of this Court. This is a routine patent case involving chemistry and patent principles, and there is nothing in

the Federal Circuit's decision warranting grant of the relief sought.

The petitioners argue that the Federal Circuit gave no deference to the verdicts rendered by the jury or to whatever claim interpretations the verdicts implied. This is the same shop-worn lament presented in petitions for certiorari any time a Court of Appeals finds it necessary to reverse trial court judgments based on jury verdicts. This case has no ramifications other than these particular patent and trade secret determinations between the parties to this suit. No important principles of law are affected, and indeed the petition cites no erroneous statements of law on the part of the Federal Circuit. By no means have petitioners demonstrated a violation of their Seventh Amendment right to a jury trial, for the Court of Appeals backed its reversal with solid legal reasoning based on proper standards of review and basic principles of patent law over which there is no controversy. This is a particularly inappropriate case for the granting of a writ of certiorari.

2. The Court Of Appeals Decision Followed Proper Standards Of Review; There Was No Deprivation Of Petitioners' Seventh Amendment Jury Trial Right.

Much of the petition for certiorari is devoted to discussion of other cases decided by the Federal Circuit. Petitioners attempt to demonstrate that the Federal Circuit has systematically—since its creation—deprived litigants of their Seventh Amendment jury trial rights. Such references to other cases cannot *per se* demonstrate error with respect to the present case. When petitioners finally turn to the present case, their arguments rest entirely on the generalities that a Court of Appeals should not "substitute its views of

conflicting evidence" and should not engage in "credibility determinations." Pet. 19-20. The Federal Circuit engaged in none of these errors as accused by petitioners. In dealing with each issue the Federal Circuit articulated and applied the law correctly in all respects and did not make *de novo* findings or resolve conflicting evidence.

The '820 Patent

The Federal Circuit followed proper legal standards in holding that "no reasonable jury could have found claim 1 of the '820 patent valid." App. A 5.[1] After quoting the broadly worded claim one, which very generally called for treating casein with sodium or potassium hydroxide in the presence of water, adding to tuna fish, sealing the container, then heat treating and cooling, the Court of Appeals pointed out that at least one prior art patent disclosed each and every step of the claim. App. A 4-5. It correctly recognized the controlling legal principle that: "A prior art reference anticipates a claim when the reference discloses every limitation of the claim. *Ralston Purina Co. v. Far-Mar-Co., Inc.*, 772 F.2d 1570, 1574, 227 USPQ 177, 179 (Fed. Cir. 1985)." App. A 5.

The Court of Appeals made no factual or credibility determination of its own. It simply compared the lit-

[1] The Federal Circuit specifically followed this "no reasonable jury" standard of review with respect to all three patents. Accordingly, it is plainly wrong for petitioners to contend that the Federal Circuit "never bothers to assert that the jury's interpretation was entirely irrational and unreasonable," Pet. 20, or that it ignored "whether reasonable jurors could have interpreted the claim in the manner presumed." Pet. 22. The Federal Circuit in so many words stated with respect to each patent that "no reasonable jury" could have found as this jury did.

eral language of the broad claim one of the '820 patent with the description in so many words contained in the prior art. It recognized that claim one (referred to as Count I at Pet. 19) was so broad on its face that it read verbatim on, and was therefore anticipated by, the prior art patent. App. A 4-5. Claim one had no pH limitation, which served to distinguish the other claims of the '820 patent from the prior art, and in the absence of such a pH limitation it read directly on the treatment of tuna fish with sodium caseinate as described in the prior patent. Sodium caseinate was made in the prior art by combining the acidic casein with enough alkaline sodium hydroxide to bring the pH up to the neutral pH of 7, but not with an excess of alkali that would elevate the pH to 8.5 or above and cause hydrolysis.[2] Because claim one was written without a pH limitation, the Court of Appeals correctly concluded that it covered the application of the 7 pH sodium caseinate to tuna fish as disclosed in the prior art patent, and therefore it had to be invalid.

Petitioners still do not seem to get the point, for they ignore the breadth and wording of claim one in

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[2] As stated in the Court of Appeals' decision, App. A 2:

> Hydrolysis of proteins breaks peptide bonds, the chemical bonds that link amino acids together to form a protein. Reacting an acid or a base with a protein, in the presence of water, causes hydrolysis. Hydrolysis also results by reacting the protein with an enzyme.
>
> Hydrolysis of proteins—the addition of water and an acid or a base to the protein—necessarily affects the pH of the combination. A pH of 7 indicates a neutral solution. An acidic solution has a pH less than 7; a basic solution, greater than 7.

their petition, and they devote their argument to making distinctions as to the purpose of applying sodium caseinate in the canning of tuna pursuant to the prior art, contending, for example, that the earlier treatment of canned tuna was to prevent struvite. Pet. 20-21. None of these distinctions as to the purpose of the prior art has anything to do with claim one, which is directed simply to "preparing and storing tuna fish flesh for consumption" and by its terms applies to any and all canning of tuna with casein, sodium hydroxide and water, just as taught in the prior art, no matter what the purpose. Petitioners' unwillingness to come to grips with the breadth of claim one underscores that their position is devoid of merit.

The Court of Appeals also followed proper standards with respect to the remaining claims of the '820 patent. It reversed on the ground that "no reasonable jury, applying properly interpreted claims, could have found infringement of claims 2-11 . . . ." App. A 6. In reaching this conclusion the court noted that these claims all required that "the combination of said casein, said compound and said water has a pH of at least 8.5," but that the "accused product has an overall pH of approximately 7, putting the product outside the coverage of claims 2-11." App. A 5.

Petitioners completely ignore this critical claim language. There are no *de novo* fact findings or credibility determinations involved in the Court of Appeals' decision. The claim language and the nature of Deltown's product are undisputed matters of record; Ernster and his experts admitted at trial that Deltown's accused product had an overall neutral pH of approximately 7. By contrast, all of claims 2 to 11

on their face required that "the combination of said casein, said compound and said water" have a highly alkaline pH of at least 8.5.

After reaching this unassailable holding, the Federal Circuit specifically considered Ernster's argument that by carefully sifting through the accused product with a sieve one can locate some small portions, up to 20%, of unreacted alkali having a pH of at least 8.5. Pet. 23. The court correctly adverted to the language of the claims, however, concluding that: "Claims 2-11, however, do not place the 'pH of at least 8.5' limitation on a sifted-out 'portion' of the casein combination. Rather the claims cover a '*combination*' which has a pH of at least 8.5. As such, claims 2-11 do not read on the accused product."[3] App. A 5-6. Because the claims are addressed to the pH of the overall "combination," there is no merit to petitioners' assertion that the Court of Appeals must ignore as "filler" the 80% of the overall combination other than the 8.5 pH sifted out portions. This is a matter of claim construction, which is a question of law that is clearly within the Court of Appeals' province to resolve. *SRI Intern. v. Matsushita Elec. Corp. of America*, 775 F.2d 1107, 1118 (Fed. Cir. 1985) (*en banc*). ("Claim interpretation or construction is a legal matter subject to review free of the clearly erroneous standard applicable to fact finding.")

In recognizing that the claims on their face required that the overall "combination" must have a pH of at least 8.5 in order to infringe, the Federal Circuit

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[3] Italics within quotations have been added throughout this brief unless otherwise stated.

rectified the injustice of a jury verdict that was oblivious to this legal standard and claim requirement. Petitioners totally ignore this claim requirement in their petition for certiorari. In discussing everything but the language of the claims, Pet. 19-24, the petition thus manifests a continued indifference to the vital role of the claims and proper claim construction in any patent decision.

The '933 Patent

In its decision on the '933 patent the Court of Appeals again paid the requisite heed to the claims which petitioners have ignored at all levels of these proceedings, including its petition before this Court. With the claims taken into consideration, the Court of Appeals reversed based on the proper legal standard that "no reasonable jury, applying properly interpreted claims, could have found infringement of any of the claims of the '933 patent." App. A 9. Of course, claim interpretation is a matter of law which is within the purview of the Court of Appeals. *SRI Intern. v. Matsushita Elec. Corp. of America*, *supra* at 1118.

In construing the '933 claims the Court of Appeals adverted to the well-known and universally accepted principle that the court must look to the specification and the prosecution history, citing *E.I. Du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1438, 7 USPQ2d 1129, 1135 (Fed. Cir.), *cert. denied*, 488 U.S. 986 (1988), and to the doctrine of prosecution history estoppel—"A patentee may not adopt a claim interpretation disavowed during prosecution. *Jonsson v. Stanley Works*, 903 F.2d 812, 817-18, 14 USPQ2d 1863, 1868 (Fed. Cir. 1990)." App. A 6-7.

The Federal Circuit applied these principles to the limitation in each independent claim that the claimed hydrolyzed protein "is not sodium or potassium caseinate" or "an alkali metal caseinate." As held by the Court of Appeals, Ernster originally did not include such claim limitations, but his patent application was rejected by the PTO in light of the Van Horn patent which taught hydrolysis of casein for food products. App. A 6.

In response to the rejection, as noted by the Court of Appeals, Ernster amended his claims to add the critical limitation, "and wherein said hydrolyzed protein is not sodium or potassium caseinate." Ernster differentiated the "hydrolyzed protein" of his claims from sodium caseinate (which he had excluded from his claims by the amendment) on the basis of its pH, App. A 6, representing to the PTO that: "The pH of sodium caseinate is essentially neutral: whereas the pH of the composition of the above identified application is very alkaline, varying slightly from batch to batch .... But it, generally, is of the order of least pH 10." App. A 7.

The well-established doctrine of prosecution history estoppel compelled the Court of Appeals' conclusion that: "To distinguish his process from Van Horn's, Mr. Ernster equated 'sodium caseinate' with neutral pH and rephrased his claims to exclude coverage of processes yielding proteins with neutral pH. Deltown's product is essentially neutral with a pH of approximately 7. Mr. Ernster's patent does not encompass Deltown's process." App. A 7-8.

Petitioners at least acknowledge the limitations in the claims of the '933 patent excluding sodium caseinate or potassium caseinate from coverage, and they

acknowledge that sodium caseinate is characterized by a neutral pH of 7. Pet. 24. They further acknowledge the undisputed fact that Deltown's product had an "overall pH of 7," Pet. 25, but they again launch into the same untenable argument which they made with respect to the '820 patent. They contend that infringement exists because, by sifting Deltown's pH 7 product, small portions or hot spots of unreacted alkali can be found that have a pH in the range of 10. The Court of Appeals addressed this contention by again adverting to the specific claim language which the petitioners have routinely ignored at the trial level, at the Court of Appeals, and in the petition. As noted by the Court of Appeals, the claims refer to raising "the pH of said reaction vessel to at least pH 10," to making a "*composition*" with an "anionic" (alkaline) pH or a "*composition*" with "greater than pH 10" or to raising "the contents of said reaction vessel to at least pH 10." App. A 8. Ernster's argument based on small portions of carefully sifted out unreacted alkali, as opposed to the "composition" or the "contents of said reaction vessel," has no legal merit in light of this claim language so properly relied on by the Federal Circuit, yet so thoroughly ignored in the petition.

The Court of Appeals' decision was thus a matter of proper claim interpretation, not an instance in which the "jury could reasonably believe the experts' testimony that Deltown's product was not sodium caseinate . . ." Pet. 25. There was no such expert testimony, nor could any such testimony be reasonably believed because all the evidence, including Ernster's own representations to the PTO (see App. A 7), established that a pH of approximately 7 was the ear-

mark of the prior art sodium caseinate. The Court of Appeals' decision simply recognized that the overall pH of Deltown's product was admittedly 7. There was no weighing of "conflicting testimony of expert witnesses as to the nature of the substance manufactured by Deltown," as argued at Pet. 25.

The Court of Appeals correctly held: "In sum, every claim in the '933 patent contains some limitation—either express or evident from the prosecution history—to a pH of approximately 10. Nothing in the '933 patent indicates that the phrases 'reaction vessel' and 'contents of the reaction vessel' mean anything other than the contents as a whole. The pH claim limitations in the '933 patent refer to the pH of the entire hydrolyzed protein product, not to the pH of sifted portions of the product." App. A 8-9. The petition for certiorari completely ignores these claim limitations.

The '588 Patent

In reversing the infringement judgment with respect to the '588 patent, the Court of Appeals again followed the proper legal standard that "No reasonable jury could have found the properly construed claims of the '588 patent to cover the accused process." App. A 10. Whereas the other patents in suit dealt with the alkaline hydrolysis of casein, the '588 patent pertained to a particular type of enzymatic hydrolysis.

The Court of Appeals correctly viewed the doctrine of equivalents as limited by the doctrine of prosecution history estoppel. Paying heed to the claims of the patent which are studiously ignored in the petition for certiorari, the Federal Circuit noted that each of

the claims at issue required the enzymatic agent to be an "acid fungal protease derived from controlled fermentation of *Aspergillus niger*" and "a protease prepared from purified cultured liquid obtained from *Bacillus subtilis*." App. A 9. The court went on to state the undisputed facts that Deltown's accused process and product used enzymes derived from entirely different fungi, namely, *Mucor miehei* and *Mucor pusillus*, which were sold under the trade names Hannilase and Emporace. App. A 9. Because these enzymes were not literally covered by the claims, the Court of Appeals rightly concluded that "the jury must have found infringement under the doctrine of equivalents." App. A 9.

The court pointed out that: "The doctrine of equivalents, however, cannot recapture for the patentee matter disclaimed during prosecution of the patent or matter in the prior art when the patent issued. *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 870, 228 USPQ 90, 96 (Fed. Cir. 1985)." App. A 9. The Court of Appeals simply applied the well-known and established doctrine of prosecution history estoppel to the undisputed facts of record. It noted that Ernster had overcome a prior art PTO rejection by pointing to the criticality of using the particular enzymes referred to in the patent claims. Ernster represented to the PTO: "Just any enzyme is simply not equivalent to those specified in Applicant's claims. Just any enzyme . . . do[es] not yield compounds or products of processes which have the same properties as Applicant's composition of matters, and the products of Applicant's processes." Ernster also told the PTO that the use of the claimed enzymes is "One of the critical steps of Applicant's process" and that "Such a critical

step is not found" in the processes of the prior art. App. A 10.

Ernster clearly was bound by these representations that the particular claimed enzymes were critical. To nail down this conclusion, the court properly referred to the undisputed fact that the Kranenburg prior art patent "specifically taught enzymatic hydrolysis of casein with Hannilase and Emporace. These are the precise enzymes used in the accused process and product. Prosecution history estoppel prevents Mr. Ernster from acquiring coverage for matter he specifically disclaimed during prosecution." App. A 10.

Petitioners' arguments on the '588 patent totally ignore the foregoing claim limitations as to specific enzymes and the prosecution history in which Ernster stated that just any enzyme is "simply not equivalent" to those specified in his claims. While petitioners try to confuse the issue by saying that Ernster was "estopped from naming the trademarked enzyme in his patent, so file wrapper estoppel should not apply to his use of the technical names for the synthetic enzyme . . . ." Pet. 26, the alleged inability to use trademarked names had nothing to do with the Court of Appeals' decision. As held by the Federal Circuit, Ernster limited his claims to the use of certain specific enzymes identified by their technical names, which he told the PTO was a "critical step." Deltown's product employed different enzymes known by different technical names. Indeed, Deltown used the very enzymes that were specifically identified in the Kranenburg prior art patent.

Trade Secret Claims

After correctly stating the prerequisites of Missouri law for a trade secret claim, the Court of Appeals

noted the utter lack of proof of such a claim and concluded that "no reasonable jury could have found that Mr. Ernster possessed trade secrets." App. A 13. Even the petition concedes that the Court of Appeals "did cite the correct standard of review in its opinion" on the related trade secrets and unjust enrichment claims. Pet. 27.

Missouri law as viewed by the Court of Appeals, App. A 11, is in accord with other jurisdictions in holding that the subject matter of a trade secret must in fact be secret and cannot be something known to the industry or something which the alleged owner has disclosed to the trade or revealed in a patent. *National Rejectors Inc. v. Trieman*, 409 S.W.2d. 1, 19 (Mo. 1966) (en banc). Missouri law states that the claimant has the burden of establishing that it had protectable trade secrets; more than conclusory testimony is needed; bald assertions of a confidential relationship are insufficient. App. A 11-12.

The petitioner fell short on every one of these requirements and indeed manifested virtual ignorance of the elements of proof of trade secrecy. Peter Ernster actually testified that the weight of E-PRO-HY to be added to each can of tuna was a trade secret because one had to read his father's patent (claim 8 of the '820 patent) to find it out (A 2305). The Court of Appeals properly noted that patent disclosures eliminate trade secrecy status because matters revealed in published patents "are no longer secret at all." App. A 12. See *Water Technologies Corp. v. Calco, Ltd.*, 850 F.2d 660, 670 (Fed. Cir.), *cert. denied*, 488 U.S. 986 (1988).

Addressing Ernster's contention that his trade secrets were contained in trade information books that

he freely and without restriction distributed to Ralston and other tuna canners as sales tools, the Court of Appeals correctly followed the law in concluding: "These books, however, contained no confidential markings. Rather, Mr. Ernster himself distributed the books to prospective customers. The records contains *no evidence* that Mr. Ernster retained control over the books in the hands of customers or prospective customers * * * Mr. Ernster did not show that his alleged secrets were secret at all or that he took steps to ensure their secrecy." App. A 12-13. In the absence of any such compliance with the legal requirements of proving a trade secret claim, the Court of Appeals properly reversed.

Contrary to petitioners' argument (Pet. 28, n. 39) based on *National Rejectors, Inc. v. Trieman*, *supra* at 19, Missouri law *does* require that specific criteria be met before one's information is given trade secret protection. The very portion of the *National Rejectors* decision quoted by the Court of Appeals states that:

> "The subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret."

Id. at 19.

Petitioners are incorrect as a matter of Missouri law, therefore, when they argue that the information books which Ernster gave to Van Camp and other canners, as sales tools and without confidentiality agreements, are trade secrets as to Respondent Van Camp "even if it might have been known in other parts of the public domain." Pet. 28, n. 38.

Although the Federal Circuit did not have to reach this issue, it could have reversed the trade secret judgment against Deltown on the ground that the alleged trade secrets refer to the canning of tuna and Deltown never canned any tuna. Deltown merely supplied Ralston's Van Camp division with the caseinate product used by Van Camp in the canning process. Ernster made no effort to prove that he revealed any trade secret information to Deltown, or that Deltown used such information in canning tuna. Ernster had no dealings with Deltown. He only dealt with Van Camp and other tuna canners.

The jury paid no heed whatsoever to any of these deficiencies of proof in rendering a trade secret verdict against Deltown. Since the petition for certiorari speaks only of alleged trade secret misappropriation by Van Camp, it does not address the reversal of the trade secret judgment against Deltown.

Unjust Enrichment and Fraud

Because "Ernster's unjust enrichment and fraud claims are based upon misappropriation of trade secrets," the Court of Appeals properly reversed such additional judgments when it concluded that Ernster had failed to establish either the existence of trade secrets or any misappropriation thereof. App. A 13-14.

Wrongful Interference With Business Expectancies

Having concluded that there was no patent infringement or trade secret misappropriation, the Court of Appeals recognized that there was no support for the jury's findings that Deltown wrongfully interfered with Ernster's business expectancy with Ralston. There was no contract of any kind between Ernster and Ralston, and Deltown's non-infringing ac-

tivities constituted nothing more than "legal competitive conduct." App. A 13. The Federal Circuit concluded that "Fair competition in the marketplace does not give rise to a sustainable claim of wrongful interference," citing *Henry v. Chloride, Inc.*, 809 F.2d 1334, 1351 (8th Cir. 1987), which held:

> ". . . competitive conduct which is neither illegal nor independently actionable does not become actionable because it interferes with another's prospective contractual relations." App. A 13

Following these well-established legal principles, the Court of Appeals reversed on the proper ground that there was no "sufficient evidence to convince any reasonable jury that Deltown wrongfully interfered . . ." App. A 13.

3. The Federal Circuit's Decisions In Other Unrelated Cases Do Not Show That Any Rights of Petitioners Were Violated By Its Decision In the Present Case.

The petitioners concede a "recognition by the Court of the traditional review standards," Pet. 10. Nonetheless, they accuse the court of "judicial activism," of "using their scientific backgrounds and technical expertise to reevaluate the jury's factual determinations," of "considering evidence outside of the record (i.e., never heard by the jury)," and of "using a *de facto, de novo* standard of review." Pet. 10.

The petition does not support this sweeping indictment, as the foregoing analysis of the Federal Circuit's decision manifestly demonstrates. The petitioners complain of reversals by the Federal Circuit in other cases bearing no resemblance to this case other than involvement of patent issues. In most

of these other cited cases, decided years ago, this Court denied certiorari. Pet. 11-12, n. 15.

Petitioners quote self-appointed "scholars" who criticized the Federal Circuit in articles written seven years ago, Pet. 11, n. 12; Pet. 13; n. 16, and dissenting opinions entered by Federal Circuit judges in other unrelated cases, Pet. 13, 15. They then argue that the Federal Circuit reversal rates from 1982 to 1985 *per se* demonstrate the "CAFC's campaign to manipulate jury findings to its will . . ." Pet. 13. Based heavily on these other cases, the petitioners argue that their Seventh Amendment jury rights have been violated, and that in patent cases the Federal Circuit does not follow the same standards of review that are followed by other Circuits in cases not involving patents. Pet. 12-15. The argument is nonsense.

Contrary to petitioners' arguments, the Federal Circuit is well aware that jury findings are entitled to deference; it has held that such findings must be upheld on appeal if they are supported by "substantial evidence." *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1578, 1 USPQ2d 1081, 1090 (Fed. Cir. 1986). When it is necessary for the jury to interpret a claim en route to deciding infringement, however, the jury verdict may be overturned on appeal if "no reasonable juror could have interpreted the claim in the fashion that supports the infringement finding." *McGill Inc. v. John Zink Co.*, 736 F.2d 666, 672, 221 USPQ 944, 948 (Fed. Cir.), *cert. denied*, 469 U.S. 1037 (1984). That is precisely the standard followed by the Federal Circuit in the decision below.

Moreover, current statistics reflect nothing unusual regarding reversal rates by the Federal Circuit. In the statistical year ending on June 30, 1989, the Fed-

eral Circuit reached terminations in 336 cases appealed from district courts. Of these terminations, 78% resulted in affirmances in whole or in part. In the statistical year ending June 30, 1990, there were 328 such terminations in which 77% resulted in affirmances in whole or part. These statistics, obtained from the Report of the United States Court of Appeals for the Federal Circuit (1989-1990) by the Honorable Howard T. Markey, Circuit Judge, at pp. 14-15, show no epidemic of reversals as suggested in the petition. Moreover, jury trials in patent cases are on the increase, having risen from 30% of patent trials in 1982 to 51% in 1992, according to data reported in the National Law Journal, Jan. 18, 1993, at p. S7. This hardly suggests any abuse of jury trial rights by the Federal Circuit.

Petitioners request "that they be given the same right to have a jury trial and to have that jury determination upheld as would be granted in any other type of case." Pet. 15. That is exactly what petitioners did receive. The petitioners have not established that the Federal Circuit applied any different standard of review than applied by the other Circuits in other types of cases. The petition is less than candid in condemning the Federal Circuit without mentioning the critical claim and evidentiary limitations on which the Federal Circuit's decision was based. The jury verdicts were properly overturned for valid reasons that were in accord with principles of law applied correctly. Petitioners have not shown otherwise.

CONCLUSION

The Federal Circuit employed the same standards of review used by the other Circuits and did not weigh conflicting evidence or engage in *de novo* fact finding. It merely applied the claims of the patent, as properly construed, to the accused products and processes which were undisputed facts of record. It relied on the standard principles of claim construction and the universally accepted doctrine of prosecution history estoppel in light of the undisputed statements made by Ernster to the PTO in obtaining the patents. The decision below does not conflict with any principles of law, with decisions of other Circuits or with proper standards of review. The decision affects only these parties, these patents, and these particular state law claims. It does not purport to set any precedent, important or otherwise. This a private civil dispute with no widespread ramifications or social implications.

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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